

# Memorandum

To: Panel Members Date: March 27, 2003

From: Charles Rufo, Manager  
Peter DeMauro, General Counsel Analyst: J. Daunt

Subject: Proposed Amendment No. 3 for **Hilmar Cheese Company**  
www.hilmarcheese.com

## **CONTRACTOR:**

- Training Project Profile: Retraining: Companies with Out-of-State Competition  
Training in High Unemployment Areas of California
- Legislative Priorities: Promotion of California's Manufacturing Workforce
- Type of Industry: Manufacturing
- Repeat Contractor: No
- Contractor's Full Time Employees:
  - Company Wide: 420
  - In California: 420
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

## **CONTRACT:**

- Program Costs:
  - Present Program Costs:** \$7,280
  - Amendment Program Costs +:** \$1,280
  - Total Program Costs:** \$8,560
- Substantial Contribution:
  - Present Contract Contribution:** \$0
  - Amendment Contribution +:** \$0
  - Total Contributions:** \$0
- Total ETP Funding: \$8,560
- In-Kind Contribution: \$36,413
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Merced
- Duration of Agreement: 24 months

### **ACTIVE PROJECTS:**

The following are current project statistics:

Agreement No.	Term	Agreement Amount	Number to be Retained	Number Enrolled	Number Completed Training	Number Hired (Complete for new hires only)	Number retained for 90 days
ET02-0104 Retrainees	09/17/2001 - 09/16/2003	\$7,280	12	10	10	N/A	10*

\* *Comments:* The project is progressing well as the Contractor has retained 84 percent of the trainees.

### **NARRATIVE:**

This ETP Agreement with Hilmar Cheese Company was approved in August 2001 as a standard retraining project to upgrade the skills of 12 employees working as Engineers, Mechanics, Supervisors, Managers, and Computer Technicians.

Hilmar Cheese Company, qualifies as a single employer under Title 22, California Code of Regulations, Section 4416(b), as a manufacturer of food and related products.

The Agreement allows Hilmar Cheese Company to train twelve employees (Engineers, Mechanics, Supervisors, and Managers) in Hazardous Materials Handling and two employees (Computer Technicians) in Computer Skills.

Officials of the Hilmar Cheese Company are requesting the addition of two more Computer Technicians to the company's training project, as a Phase II. The two trainees will receive Advanced Technology training. One is a worker who has recently been transferred into the Computer Technician occupation, and requires training for his new responsibilities. The other is a newly hired individual who will also be working as Computer Technician. The two employees will receive 40 and 24 class/lab hours of training, respectively. Because they require different amounts of training, based on their current knowledge and varying job duties, each of them will be in different Job Numbers (3 and 4), in Phase II.

New technology and the recent growth at Hilmar Cheese require the company to have more employees than had previously been needed to work as information technology experts. The Advanced Technology (AT) training to be added by this Amendment involves the usage of sophisticated equipment and software in the computer field.

In Job Number 3, one Computer Technician will receive 40 hours class/lab AT training in the design of Internet-based directory service infrastructure which will allow trainee to: 1) identify customer requirements and incorporate the data into the directory services design; 2) identify and evaluate system and network requirements; 3) understand network architecture, topology, and constraints; and 4) analyze and evaluating individual components.

In Job Number 4, one Computer Technician will receive 24 hours class/lab AT training in the use of specialized software allowing efficient computer portal use, Internet search, and document management. Principles of file security, computer document properties, metadata, digital dashboard architecture, server layout and workspace, user access control, and document approval processes are included in the training.

**NARRATIVE:** (continued)

Training for Job Numbers 3 and 4 is customized to the needs of Hilmar Cheese, such that the directory services, Internet utilization, document management and control services, which the trainees will learn to implement and maintain, will support the specific technological needs of the company.

Training for Job Numbers 3 and 4 is to be provided by the Contractor's current training vendor, QuickStart. The 40-hour program (Job Number 3) is provided at a total cost of \$2,225, while the 24-hour program (Job Number 4) is provided at a total cost of \$1,275. These totals equate to approximately \$55.63 per hour and \$53.13 per hour, respectively. If the Advanced Technology status for Phase II is approved, the Contractor will pay the difference between the ETP reimbursement of \$20 per hour and the total costs, as follows: Job Number 3 the Contractor will pay \$35.63 per hour for a total in-kind contribution of \$1,425; Job Number 4 the Contractor pays \$33.13 per hour for a total contribution of \$795. The total Contractor contribution for both Job Numbers is \$2,220, versus an ETP reimbursement of \$1,280 at the ETP Advanced Technology rate of \$20 per hour.

**Supplemental Nature of Training**

In addition to the training covered under this Agreement, Hilmar Cheese maintains an ongoing training program for new employees and long-term employees moving to new positions. The program consists of approximately two to four hours of classroom training, followed by on-the-job training (OJT) in which employees partner with senior staff. The OJT generally lasts two weeks. Training subjects include plant sanitation, technical aspects of production, standard operating procedures, and information on suppliers. Additionally, the company has provided Outlook 2000 training to all computer operators. Outlook 2000 is not included in Hilmar's ETP curriculum.

The ETP-funded training consists of training in Computer Skills and Hazardous Materials Handling that differs from the ongoing training and past training provided by the company. It is broader in scope and more complex, in keeping with the increasingly complex technical requirements of Hilmar's manufacturing facility. Under this requested Amendment, the AT training that will be provided to the two Phase II trainees will also differ from, and therefore supplement, Hilmar's ongoing training.

**In-Kind Contribution**

By this Amendment, the Contractor is increasing its current in-kind contribution as follows:

	<u>Current</u>	<u>Amt. added</u>	<u>New</u>
Wages & benefits paid to trainees during training	\$10,780	\$1,240	\$12,020
Excess costs of subcontractor providing Phase II training	0	2,220	2,220
On-the-job training tied to ETP class/lab training, but not in plan	<u>19,000</u>	<u>3,173</u>	<u>22,173</u>
Totals	\$29,780	\$6,633	\$36,413

**COMMENTS:**

For Phase II, class size is limited to a trainer to trainee ratio of 1:10 or less.

If the Amendment is approved, of the 14 ETP-funded trainees, 10 meet the Panel definition of frontline worker under Title 22 California Code of Regulations, Section 4400 (ee).

**PROPOSED ACTION:**

Staff recommends that the Panel approve this Amendment request, if funds are available and the project meets Panel priorities. Approval will allow Hilmar Cheese Company to continue to improve its technological capabilities as a manufacturer in a business affected by accelerating national and worldwide competition.

**TRAINING PLAN:**

<b>Job Numbers / Trainee Type</b>	<b>Types of Training</b>	<b>Number to Retain</b>	<b>Number Class/Lab Videocnf. Hrs</b>	<b>Number CBT Hrs</b>	<b>Number SOST Hrs.</b>	<b>Cost per Trainee</b>	<b>Hourly Wage after 90 days</b>
PHASE I Job Number 1 Retrainees	Hazardous Materials Handling	10	40	0	0	\$520	\$14.00-\$38.00
PHASE I Job Number 2 Retrainees	Computer Skills	2	80	0	0	\$1,040	\$19.50-\$20.50
PHASE II Job Number 3 Retrainee	Advanced Technology (AT)	1	40	0	0	\$800	\$19.50
PHASE II Job Number 4 Retrainee	Advanced Technology (AT)	1	24	0	0	\$480	\$19.50
						<b><u>Range of Hourly Wages</u></b>	
						\$14.00 - \$38.00	
						<b><u>Prevalent Hourly Wage</u></b>	
						\$16.90	
						<b><u>Average Cost per Trainee</u></b>	
						\$579	
<b><u>Health Benefit used to meet ETP minimum wage:</u></b>					<b><u>Turnover Rate</u></b>		<b><u>% of Mgrs &amp; Supervisors to be trained:</u></b>
Although health benefits will be provided, the amount of the benefits will not be added to trainees' base wages, which will be above the ETP minimum.					5%		14.3%

# HILMAR CHEESE COMPANY

Job Numbers **1 through 4**

Class/Lab Hours

## COURSE TITLES AND DESCRIPTIONS

Job 1 – 40 hours

### Hazardous Materials **Handling (HazMat)**

- Hazardous Materials Handling
- Hazardous Materials Response
- Hazardous Chemical Cleaning/Handling
- Hazardous Waste Cleaning

Job 2 – 80 hours

### Computer Skills

- Computer Networking
- Office Automation
- Microsoft Application
- Microsoft Programming
- Materials Resources Planning
- Engineering and Document Control
- Hilmar Cheese Internal Systems

Job 3 – 40 hours

### Computer Skills

- **Advanced Computer Design**
- **Directory Migration**
- **Specialized Application Programming**
- **Restructuring Program Domains**
- **Hilmar Cheese Internal Systems**

Job 4 – 24 hours

### Computer Skills

- **Portal Server Programming**
- **Digital Technology**
- **Microsoft Programming**
- **Hilmar Cheese Internal Systems**